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FM AMEMBASSY BRATISLAVA

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C O N F I D E N T I A L BRATISLAVA 000046

SIPDIS

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TAGS: ECON ENRG PREL LO

SUBJECT: GAS CRISIS MAY PRESENT OPPORTUNITY FOR NABUCCO

REF: BRATISLAVA 0031

Classified By: CDA Keith A. Eddins for reasons 1.4 b and d

¶1. (C) In Ambassador Obsitnik's farewell calls on Slovak PM Robert Fico and FM Jan Kubis (septel), both men brought up the possibility of joining the Nabucco consortium as a hedge against future crises. The Slovak leadership gave us their frank views of the respective roles the Ukrainians and Russians played in the recent gas crisis. Fico expressed disillusionment with both sides, though in his public statements he has grown increasingly critical of Ukraine. In a press conference on 23 January, he floated the idea of forming a joint venture with Gazprom to compete with Slovak gas distributor SPP and bypass Ukraine, calling Ukraine an unreliable partner. Kubis was pointed in his private remarks; he said that "Ukraine betrayed us" in not making the gas swap proposed by the Slovaks. (Note: According to industry experts, the swap would have been difficult, perhaps impossible, to implement. The flow of gas from reserves in western Ukraine eastward would have made it necessary to cut off major Ukrainian markets in order to ship the swapped gas from Russia to replenish the reserves. See reftel. End note.)

¶2. (C) We believe there is a real opportunity now--before the memory of this crisis has dimmed--to approach the Slovaks to take concrete steps toward joining the consortium. While the GoS has in the past expressed a vague intention to join Nabucco at some point in the future, it has not stepped up to the plate. The Fico government has shown every evidence of trying to forge a special relationship with Russia, of which last week's press conference was only the latest instance (though arguably the most spectacular). The recent crisis has shown the problem with the status quo, and now the government appears to be scrambling for some plan B. The prospect of its neighbors profiting from early membership in a successful Nabucco project while Slovakia shivers may be vivid enough now to induce the GoS to push gas provider SPP (in which it owns a 51 percent stake) toward a deal. Whatever the uncertainties of Nabucco, the Slovaks cannot be entirely blind to the hazards of relying even more on their Russian suppliers.

EDDINS